

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Decision No. 4098

In the Matter of the Application)
of MARY K. WOHLFORD and LOS ANGELES)
TRUST AND SAVINGS BANK for an order)
authorizing the sale of their gas)
and electric properties in the City)
of Escondido, San Diego County, to)
San Diego Consolidated Gas and Elec-)
tric Company and of SAN DIEGO CONSOL-)
IDATED GAS AND ELECTRIC COMPANY for)
authority to purchase the same.)

Application No. 2668.

In the Matter of the Application of)
SAN DIEGO CONSOLIDATED GAS AND ELEC-)
TRIC COMPANY for an order authoriz-)
ing the issue of bonds of the face)
value of \$30,000.00 and preferred)
stock of the par value of \$10,000.00.)

Application No. 2669.

L. A. Wright for Mary K. Wohlford and Los Angeles
Trust and Savings Bank.
Sweet, Stearns and Forward, by F. W. Stearns,
and Chickering and Gregory, by Allen L. Chickering,
for San Diego Consolidated Gas and Electric Company.

THEISEN, Commissioner.

O P I N I O N.

The amended petition in Application No. 2668, asks the Railroad Commission to make its order authorizing Los Angeles Trust and Savings Bank and Mary K. Wohlford to sell to San Diego Consolidated Gas and Electric Company the gas and electric properties in the City of Escondido formerly belonging to Escondido Utilities Company and authorizing San Diego Consolidated Gas and Electric Company to purchase said property for the sum of \$40,000.00.

The petition in Application No. 2669 asks the Railroad Commission to make its order authorizing San Diego Consolidated Gas and Electric Company to issue its first mortgage 5 per cent bonds of the face value of \$30,000.00 at not less than 95 per cent of their face value and its preferred capital stock of the par

value of \$10,000.00, at not less than par, and to use the proceeds from the issue of said securities for the purpose of acquiring the gas and electric properties in the City of Escondido formerly owned by Escondido Utilities Company.

Public hearings in these proceedings were held in San Francisco on January 10, 1917, and in Escondido on February 3, 1917. By stipulation of all the parties, these proceedings were consolidated for hearing and decision. The proceedings were submitted on February 3, 1917.

The property to be sold to San Diego Consolidated Gas and Electric Company consists of the gas and electric properties in the City of Escondido formerly owned by Escondido Utilities Company, with all rights, privileges and franchises connected therewith, including 112.98 shares of the capital stock of Escondido Mutual Water Company of the par value of \$1.00 per share.

The electric system consists of a steam electric generating plant located in Escondido, together with a 2300 volt electric distribution system. The gas property consists of two oil gas generators, equipment used in connection therewith, and a low pressure distribution system.

The electric property has approximately 350 services, 143 meters, and 80 kilowatts of transformers, together with the municipal street lighting system of 108 lamps. The gas property includes 260 gas services and approximately 220 gas meters.

This property was formerly owned and operated by Escondido Utilities Company. Construction on the electric plant commenced on November 18, 1909, and service was first rendered on May 5, 1910. Construction on the gas plant commenced early in 1910 and operation in August, 1910. For decisions of the Railroad Commission referring to this property while owned and operated by Escondido Utilities Company, reference is hereby made to Decision No. 2097, made on

January 22, 1915, in Application No. 1443 (Vol. 6, Opinions and Orders of the Railroad Commission of California, p. 96), and to Decision No. 2134, made on February 5, 1915, in Application No. 1355, Vol. 6
(Opinions and Orders of the Railroad Commission of California, p. 156).

Escondido Utilities Company being unable to pay a promissory note for \$16,000.00, secured by its first mortgage bonds of the face value of \$32,000.00, which note had been purchased by Mr. A. W. Wohlford, possession of the property passed to Los Angeles Trust and Savings Bank, trustee under the mortgage, on November 18, 1915. Prior to December, 1915, night service only was supplied by this property. As the result of negotiations between Los Angeles Trust and Savings Bank and Escondido Mutual Water Company, which company owns and operates certain hydro-electric plants in the vicinity of Escondido, the trustee, during and subsequent to December, 1915, secured its electric energy from Escondido Mutual Water Company, ~~but~~ shut down the steam electric plant in Escondido, and thereafter rendered a 24-hour electric service. The Los Angeles Trust and Savings Bank purported to lease its electric distributing system in the City of Escondido to Escondido Mutual Water Company, which company served electric energy directly to approximately 156 of its stockholders in the City of Escondido and indirectly through Los Angeles Trust and Savings Bank and thereafter through Mary E. Wohlford, to the remaining users of electric energy in the City of Escondido.

The lease of the electric distributing system to Escondido Mutual Water Company was void for the reason that the Railroad Commission's consent was not secured, as provided by Section 51 of the Public Utilities Act.

On August 12, 1916, Los Angeles Trust and Savings Bank, acting under a provision of the trust deed or mortgage, sold the entire gas and electric property of Escondido Utilities Company

to Mary K. Wohlford, daughter of Mr. A. W. Wohlford, for the sum of \$10,000.00, subject to the outstanding indebtedness. Miss Wohlford has operated the property under the arrangement theretofore entered into between Los Angeles Trust and Savings Bank and Escondido Mutual Water Company. The sale of the property to Miss Wohlford did not pass legal title to her for the reason that the consent of the Railroad Commission to the sale of the property was not secured, as provided by Section 51 of the Public Utilities Act. Los Angeles Trust and Savings Bank, trustee under the deed of trust or mortgage of Escondido Utilities Company, by amendment of the petition herein made at the hearing in Escondido, now asks authority to sell the property to Miss Wohlford, and Miss Wohlford asks authority to sell it to San Diego Consolidated Gas and Electric Company for the sum of \$40,000.00. in accordance with agreement between Miss Wohlford and San Diego Consolidated Gas and Electric Company, dated November 13, 1916, a copy whereof is attached as Exhibit "A" to the original petition in Application No. 2668.

The assets and liabilities of ~~the property of~~ Escondido Utilities Company as of December 31, 1915, as shown by the annual report filed with the Railroad Commission by Los Angeles Trust and Savings Bank, then in possession of the property, appear in Table I.

TABLE NO. I.

ASSETS AND LIABILITIES - ESCONDIDO UTILITIES COMPANY

DECEMBER 31, 1915.

ASSETS

| | |
|--|-----------------|
| Fixed Capital | \$67,232.62 |
| Electric Department - 44,281.13 | |
| Gas Department - 22,951.59 | |
| Cash | 1,476.85 |
| Due from Consumers and Agents | 1,957.20 |
| Securities of other corporations | 112.00 |
| Prepayments | 83.30 |
| Discount on stock | 56,570.04 |
| Deficit | <u>2,659.41</u> |
| TOTAL ASSETS | \$130,091.42 |

LIABILITIES

| | |
|---|---------------|
| Stock | 92,200.00 |
| Stock Assessment | 3,698.00 |
| Funded Debt | 5,000.00* |
| Notes Payable | 21,850.00 |
| Accounts Payable | 6,213.59 |
| Consumers deposits | 205.30 |
| Meter deposits | 685.25 |
| Reserve for amortization of intangible capital .. | <u>239.28</u> |
| TOTAL LIABILITIES | \$130,091.42 |

*Bonds pledged, not included in above, \$45,000.00.

Petitioners introduced as Exhibit No. 1, an estimate of the cost to reproduce new the physical property of Escondido Utilities Company and of the cost to reproduce the same new less accrued depreciation. This exhibit states that the cost to reproduce the property of the gas department as of January 1, 1917, was the sum of \$25,024.82 and of the electric department the sum of \$48,415.17. The cost to reproduce the property of the gas department less accrued depreciation is reported to be \$20,923.98 and the cost to reproduce the property of the electric department less accrued depreciation is reported to be \$38,873.37. Petitioners testified that these estimates were only approximate, that they were too high, and that they needed revision.

Mr. L. S. Ready, one of the Railroad Commission's assistant engineers, presented as Railroad Commission's Exhibit No. 1, an estimate of the cost and of the value of the property to be conveyed to San Diego Consolidated Gas and Electric Company. Table II shows the conclusions reached by Mr. Ready.

TABLE NO. II.

ESTIMATES OF COST AND VALUE - GAS AND ELECTRIC PROPERTY

FORMERLY OWNED BY ESCONDIDO UTILITIES COMPANY

Assistant Engineer L. S. Ready.

| | Total Present Properties | | Useful Properties | | |
|---------------|---------------------------------------|--|---------------------------------------|--|-------------------------------|
| | Estimated Reproduction | | Estimated Reproduction | | |
| | Estimated Reproduction Cost New | Cost New Less Accrued Depreciation | Estimated Reproduction Cost New | Cost New Less Accrued Depreciation | Estimated Present Worth |
| Gas | \$24,702 | \$19,725 | \$24,702 | \$19,725 | \$11,800* |
| Electric | 43,620 | 32,561 | 23,574.50 | 17,550 | 22,600** |
| | \$68,322 | \$52,286 | \$48,276.50 | \$37,285 | \$33,400 |
| Non operative | | | | | <u>2,250</u> |
| | | | | | \$35,750 |

*Deducted \$1,000 for Working Capital and Material and Supplies from Gas ~~Value~~ capital.

**Deducted \$1,800 for Working Capital and Material and Supplies from Electric Capital.

The estimated reproduction cost new and the estimated reproduction cost less accrued depreciation of the property, as shown in Table II, have been estimated according to the methods usually employed by engineers in preparing such estimates. The estimated present worth, shown in column number five of Table II, was secured by capitalizing the net earnings of the gas property and of the electric property as estimated by San Diego Consolidated Gas and Electric Company from the rates which the company proposes to establish in Escondido.

San Diego Consolidated Gas and Electric Company proposes to continue the operation of the gas plant in Escondido, with certain improvements to be made therein.

With reference to the service of ~~the~~ electric energy, San Diego Consolidated Gas and Electric Company has entered into a contract with Escondido Mutual Water Company for the supply of surplus electric energy and also proposes to construct two electric transmission lines so as to enable the company to supply in Escondido electric energy generated in the company's steam plant in the City of San Diego.

The contract with Escondido Mutual Water Company is dated November 13, 1916, and a copy thereof was filed herein as Exhibit No. 3 of Petitioners. By this contract Escondido Mutual Water Company agrees to sell and San Diego Consolidated Gas and Electric Company agrees to purchase for the period of 25 years all surplus electric energy generated by Escondido Mutual Water Company's hydro-electric plants, at the rate of $1\frac{1}{2}$ cents per K.W.H., delivered at 11,000 volts at the city limits of Escondido. In case Escondido Mutual Water Company should have a shortage of electric energy for its own purposes, San Diego Consolidated Gas and Electric Company agrees to sell to Escondido Mutual Water

Company the requisite electric energy at the rate of $1\frac{1}{2}$ cents per K.W.H., delivered at the same point. The agreement contains certain provisions with reference to division of territory and alterations in the price to be paid for electric energy under the agreement, to which it is not necessary herein to refer for the reason that the Railroad Commission would not, in any event, be in any way bound by such provisions. By selling electric energy under this agreement to San Diego Consolidated Gas and Electric Company, Escondido Mutual Water Company will become an electric corporation and a public utility, as said terms are defined in Section 2 of the Public Utilities Act and, at least to that extent, will be subject to the jurisdiction of the Railroad Commission.

San Diego Consolidated Gas and Electric Company proposes to construct a ^{22,000}~~11,000~~ volt transmission line from Clivenhain to Escondido, a distance of approximately 13 miles, at an estimated cost of \$21,290.56, and a second transmission line from Vista to Escondido, a distance of approximately 13 miles, of 11,000 volt construction, at an estimated expenditure of \$14,141.79. These lines will tie in to the main transmission line of San Diego Consolidated Gas and Electric Company constructed by that company from its steam electric plant in San Diego north through Del Mar to Oceanside. San Diego Consolidated Gas and Electric Company expects to develop some business in the territory to be traversed by these two proposed transmission lines, in addition to providing a stable service for Escondido.

The rates heretofore charged by Escondido Utilities Company for gas have been as follows:

| | | | |
|----------|---------------------|----------------------------|--|
| 50 cents | per consumer | per month | plus |
| \$1.00 | per 1000 cubic feet | for first 10,000 cubic ft. | per month |
| .80 | per 1000 | " " | for all over 10,000 cubic ft. per month. |

San Diego Consolidated Gas and Electric Company proposes

to continue in effect the present rates for gas in Escondido.

The rates for electric service heretofore charged by Escondido Utilities Company for residence and commercial lighting and for power have been as follows:

Residence and Commercial Lighting.

10¢ per K.W.H.
Minimum, \$1.50 per month

Power.

5¢ per K.W.H.
Minimum, \$1.00 per horse-power per month.

Approximately 200 consumers, including a number of stockholders of Escondido Mutual Water Company, have been purchasing electric energy from Miss Wohlford at the above rates.

The rates which have been charged by Escondido Mutual Water Company to approximately 156 stockholders in the City of Escondido have been as follows:

Lighting.

| | |
|-----------------------------|----------------------|
| 8¢ per K.W.H. for the first | 25 K.W.H. per month |
| 7¢ per K.W.H. for the next | 25 K.W.H. per month |
| 6¢ per K.W.H. for the next | 50 K.W.H. per month |
| 5¢ per K.W.H. for all over | 100 K.W.H. per month |

Minimum Bill \$1.00 per month.

Power.

| | |
|------------------------------|-----------------------|
| 4¢ per K.W.H. for the first | 100 K.W.H. per month |
| 3¢ per K.W.H. for the next | 200 K.W.H. per month |
| 2.8¢ per K.W.H. for the next | 300 K.W.H. per month |
| 2.6¢ per K.W.H. for the next | 300 K.W.H. per month |
| 2.4¢ per K.W.H. for the next | 400 K.W.H. per month |
| 2.2¢ per K.W.H. for the next | 500 K.W.H. per month |
| 2¢ per K.W.H. for all over | 1800 K.W.H. per month |

Minimum Bill \$1.00 per horse-power per month.

The rates which San Diego Consolidated Gas and Electric Company proposes to charge for electric service, as modified at the hearing in Escondido, are as follows:

Residence and Commercial Lighting.

10¢ per K.W.H. for the first 30 K.W.H. per month
8¢ per K.W.H. for the next 450 K.W.H. per month
5¢ per K.W.H. for the next 1020 K.W.H. "
4¢ per K.W.H. for the next 1500 K.W.H. "
3¢ per K.W.H. for all over 3000 K.W.H. "

10% discount for payment within 12 days.

Minimum bill \$1.00 per meter per month.

Municipal Street Lighting.

Rates now in effect in Escondido.

Power.

Rates established by the Railroad Commission in Decision No. 3839 in Application No. 1925, and applicable over entire system of San Diego Consolidated Gas and Electric Company.

The rates to be established by San Diego Consolidated Gas and Electric Company for residence lighting service are clearly less than those heretofore charged by Escondido Utilities Company and Miss Wohlford. While it may appear that these rates are in excess of those which have heretofore been charged by Escondido Mutual Water Company to the stockholders served by it in the City of Escondido, the testimony shows that if consideration is given to the assessments which have been paid on their capital stock by the stockholders of Escondido Mutual Water Company, the rates proposed to be charged by San Diego Consolidated Gas and Electric Company are not in excess of the rates heretofore charged by Escondido Mutual Water Company.

With reference to the rates for power, there will
probably be some increase/ ^{in some instances} in the rates heretofore charged in Escondido. If hardship results in any case, the matter may here-

after be taken up by the parties with the Railroad Commission.

With reference to the rates for municipal street lighting, San Diego Consolidated Gas and Electric Company proposes to continue to charge the existing rates for the existing service but represents that the existing service is not a first class service and that the company contemplates entering into negotiations with the City of Escondido for the supply of better service at increased rates.

San Diego Consolidated Gas and Electric Company proposes to give to the people of Escondido first class service of both gas and electricity and to pursue a liberal policy in making extensions. The company reports that there is considerable business in Escondido which can readily be secured through the active business campaign which the company proposes to inaugurate in Escondido.

Table III shows a statement of revenues and expenses of the gas property in Escondido for the years 1914, 1915 and 1916, together with an estimate for the year 1917, as prepared by
Consolidated
San Diego/Gas and Electric Company.

Table III.

GAS DEPARTMENT - REVENUES AND EXPENSES -
1914, 1915, 1916 and estimate
for 1917.

| <u>Operating Revenues</u> | <u>Year 1914</u> | <u>Year 1915</u> | <u>Year 1916</u> | <u>Year 1917 Estimated</u> |
|---|----------------------|----------------------|----------------------|------------------------------------|
| Commercial Heat, Power and Lighting, Metered | \$5774.13 | \$6601.56 | \$6485.08 | \$7250.00 |
| Prepaid Gas | 147.75 | 143.75 | 102.25 | |
| TOTAL REVENUE | \$5921.88 | \$6745.31 | \$6587.33 | \$7250.00 |
| <u>Operating Expense Accounts</u> | | | | |
| Labor | \$1357.84 | \$1604.09 | \$1101.00 | \$1010.00 |
| Supplies | 149.28 | 184.52 | 353.08 | 350.00 |
| Fuel | 2588.29 | 1577.25 | 2447.80 | 2190.00 |
| Repairs to furnaces & boilers | 167.19 | 56.03 | 26.00 | 50.00 |
| Repairs to plant buildings, etc. | 95.39 | 14.99 | 74.41 | 60.00 |
| Repairs to distributing system | 71.27 | 51.40 | 16.70 | 50.00 |
| Setting and removing meters | 19.00 | 60.73 | 2.65 | 200.00 |
| Repairs to meters | 2.35 | .50 | 47.09 | 100.00 |
| Meter reading | 55.35 | 43.55 | 23.25 | 40.00 |
| New business | 61.90 | 9.00 | .75 | 500.00 |
| Law expenses | 7.50 | 611.58 | | * |
| Railroad Commission expenses | | 8.00 | | |
| Other general expenses | | 223.40 | | |
| Salaries of General Officers | 247.50 | 397.76 | 312.50 | 145.00 |
| Salaries of office clerks | 440.00 | 592.90 | 240.00 | 175.00 |
| General office expenses | 276.96 | 621.00 | 112.44 | 100.00 |
| City franchise tax | | 93.73 | | 145.00 |
| Insurance | 68.92 | 59.05 | 59.03 | 65.00 |
| Taxes | 324.00 | 439.61 | 258.41 | 360.00 |
| TOTAL OPERATING EX- PENSES | | | | |
| GAS | \$5932.74 | \$6649.09 | \$5075.11 | \$5560.00 |
| <hr/> | | | | |
| Gross net income, Gas Dept. | # 10.86 | 96.22 | 1510.22 | 1690.00 |
| Depreciation annuity, Gas Dept. | | | | 583.24 |
| ** Net income, Gas Dept. | # 10.86 | 96.22 | 1510.22 | 1106.16 |

* Proportion of Legal Expense based on gross income
would be \$35.00 but there will in reality be no increase.

** Without deductions for depreciation in years, 1914, 1915, and 1916.

Deficit.

As will be observed, Table III contains no charges to depreciation annuity for the years 1914, 1915 and 1916 and no reference to interest charges or return on investment.

Table IV shows a statement of revenues and expenses of the electric property in Escondido for the years 1914, 1915, and 1916, together with an estimate for the year 1917, as prepared by San Diego Consolidated Gas and Electric Company.

Table IV.

ELECTRIC DEPARTMENT - REVENUES AND EXPENSES
1914, 1915, 1916 and estimate
for 1917.

| <u>Operating Revenues</u> | <u>Year</u> <u>1914</u> | <u>Year</u> <u>1915</u> | <u>Year</u> <u>1916</u> | <u>Year</u> <u>1917</u> <u>Estimated</u> |
|--|----------------------------|----------------------------|----------------------------|--|
| Municipal Street Lighting | \$1605.00 | \$1617.50 | \$1746.25 | \$2140.00 |
| Commercial Lighting-Metered | 5157.65 | 5338.45 | 3070.61 | 6760.00 |
| Commercial Lighting-Flat Rate | 2401.58 | 2551.75 | 300.00 | |
| Commercial Power Metered | | | | 1800.00 |
| Miscellaneous Electric Revenue | 5.50 | | | |
| Rent of Distribution Lines | | | 2129.69 | |
| TOTAL REVENUE | 9169.73 | 9607.70 | 7246.55 | 10700.00 |
| <u>Operating Expense Accounts</u> | | | | |
| Labor | 1808.25 | 1693.58 | 302.28 | 200.00 |
| Supplies | 340.98 | 299.55 | 1.50 | 10.00 |
| Fuel | 3385.17 | 3270.71 | | |
| Repairs to Furnaces and Boilers | 780.75 | 161.42 | | 100.00 |
| Repairs to Plant Buildings, etc. | | 6.75 | | 10.00 |
| Repairs to Distribution System | 51.65 | 65.08 | 23.83 | 900.00 |
| Setting and Removing Meters | 6.25 | | | 350.00 |
| Repairs to Municipal Ltg. System | 251.71 | 260.91 | 88.62 | 300.00 |
| Meter Reading | 55.50 | 41.50 | 21.75 | 60.00 |
| New Business | 61.90 | 9.00 | .75 | 630.00 |
| Law Expenses | 7.50 | 745.33 | | * |
| Freight and Drayage | 32.90 | | | |
| Railroad Commission Expenses | | 37.00 | | |
| Other General Expenses | 151.50 | 272.00 | | |
| Setting Transformers | | 5.45 | | |
| Electric Energy Purchased | | | 3516.20 | 2800.00 |
| Salaries of General Officers | 247.50 | 397.76 | 312.50 | 250.00 |
| Salaries of Office Clerks | 440.00 | 592.89 | 240.00 | 280.00 |
| General Office Expenses | 276.96 | 621.01 | 112.43 | 100.00 |
| City Franchise Tax | | 93.73 | | 250.00 |
| Insurance | 68.93 | 59.05 | 59.03 | 60.00 |
| Taxes | 404.80 | 613.91 | 258.42 | 660.00 |
| TOTAL OPERATING EXPENSES | \$8372.25 | \$9246.63 | \$4937.31 | \$6960.00 |
| Gross Net Income, Electric Dept. | 797.48 | 361.07 | 2309.24 | 3740.00 |
| Depreciation Annuity, Elec. Dept. | | | | 964.41 |
| Net Income, Electric Department | \$797.48 | \$361.07 | \$2309.24 | \$2775.59 |

*Proportion of Legal Expense based on gross income would be \$65.00 but there will in reality be no increase.

The revenue estimated for the year 1917 is based by San Diego Consolidated Gas and Electric Company on the business which is anticipated for that year, allowing an increase of approximately 10 per cent over the business of 1916, estimated on the revised rates which San Diego Consolidated Gas and Electric Company proposes to charge. As will be observed, Table IV makes no allowance for depreciation annuity except in the estimate for 1917 and makes no reference to return on the investment or interest charges.

San Diego Consolidated Gas and Electric Company represents that it will be able, by consolidating the Escondido properties with its other properties, to effect substantial economies in operating expenses, as shown in the estimates for 1917 as they appear in Tables III and IV.

The uniform classification of accounts for electric utilities prescribed by the Railroad Commission provides, in part, as follows:

"All charges made to fixed capital or other property account with respect to any property acquired on or after January 1, 1913, shall be the actual money costs of the property."

I see no reason, in the present case, for departing in any way from this rule. San Diego Consolidated Gas and Electric Company should add to its capital account the actual cost of acquiring the Escondido property, which cost is the sum of \$40,000.00.

Gas has been served in Escondido under the constitutional franchise granted by Section 19 of Article XI of the Constitution of this State prior to the amendment of October 10, 1911. Electric energy has been served under the franchise granted by said section of the Constitution and also under franchise granted by the City of Escondido to

Seth Hartley, his successors and assigns, for the term of 50 years, by Ordinance No. 136, passed on September 28, 1909. The order herein will contain the usual provision, on a transfer of property, with reference to franchise values.

At the hearing held in Escondido on February 3, 1917, testimony with reference to the desirability of the contemplated transfer was presented by a number of public officials and other leading citizens of the City of Escondido. The unanimous sentiment of these witnesses was that the proposed transfer is very desirable from the point of view of the welfare of the City of Escondido. These witnesses referred to the advantage which would accrue to the people of Escondido from the more adequate and reliable service which can be rendered by San Diego Consolidated Gas and Electric Company and from the more liberal policy with reference to extensions which the San Diego Company will be able to pursue. Those witnesses all regarded the rates to be established by San Diego Consolidated Gas and Electric Company as being reasonable. All the witnesses strongly urged the granting of the petitions herein.

There was also filed herein as Exhibit No. 7 of Petitioners, a copy of a resolution adopted by the directors of the Escondido Chamber of Commerce on February 2, 1917, asking the Railroad Commission to approve the proposed transfer and pledging support to San Diego Consolidated Gas and Electric Company in whatever the Company may do in assisting in the upbuilding of Escondido.

I am satisfied that the public interest will be served by the granting of these petitions and submit the following form of order:

O R D E R .

LOS ANGELES TRUST AND SAVINGS BANK, MARY K. WOHLFORD and SAN DIEGO CONSOLIDATED GAS AND ELECTRIC COMPANY having made application to the Railroad Commission for orders as specified in the opinion which precedes this order, public hearings having been held and those proceedings being now ready for decision,

IT IS HEREBY ORDERED that Los Angeles Trust and Savings Bank is hereby authorized to convey to Mary K. Wohlford and Mary K. Wohlford is hereby authorized to convey to San Diego Consolidated Gas and Electric Company the gas and electric properties in the City of Escondido formerly/ ^{owned} by Escondido Utilities Company, as said properties are described in Exhibit "A" which is attached to and made a part of this order, and San Diego Consolidated Gas and Electric Company is authorized to issue its first mortgage 5 per cent bonds of the face value of \$30,000.00 and its preferred capital stock of the par value of \$10,000.00 and to apply the proceeds on the purchase price of said properties, all on the following conditions and not otherwise, to-wit:

1. Before the authority herein granted to transfer said properties to San Diego Consolidated Gas and Electric Company shall become effective, San Diego Consolidated Gas and Electric Company shall first have filed with the Railroad Commission a stipulation, duly authorized by its Board of Directors, agreeing for itself, its successors and assigns, that it and they will never claim for the franchises to be acquired by said company in connection with the gas and electric properties in Escondido any value in excess of the amount paid for said franchises by the original grantee thereof to the public authority or authorities granting the same, which price shall be specified in said stipulation, and shall have received from the Railroad Commission a supplemental order herein,

declaring that such stipulation, in form satisfactory to the Railroad Commission, has been filed herein.

2. The price which San Diego Consolidated Gas and Electric Company is paying for the properties which are to be conveyed to it shall never be urged before the Railroad Commission or any other public authority as representing for rate-making or any other purpose the fair value of said property.

3. Within thirty (30) days after the date of the order herein, or after the execution and delivery of the instruments of conveyance herein provided for, San Diego Consolidated Gas and Electric Company shall file with the Railroad Commission a certified copy of the deed of conveyance from Los Angeles Trust and Savings Bank, trustee, to Mary K. Wohlford and of the deed of conveyance from Mary K. Wohlford to San Diego Consolidated Gas and Electric Company.

4. The rates to be charged by San Diego Consolidated Gas and Electric Company for gas and electric energy sold in the City of Escondido shall not exceed the rates specified in the opinion which precedes this order, unless the consent of the Railroad Commission has been first secured.

5. San Diego Consolidated Gas and Electric Company shall sell the bonds herein authorized to be issued at not less than 95 per cent of their face value, plus accrued interest, and the preferred stock at not less than par and shall apply the proceeds from the sale of said bonds and preferred stock on the purchase price of said gas and electric properties in the City of Escondido, the total amount to be paid for said properties not to exceed the sum of \$40,000.00.

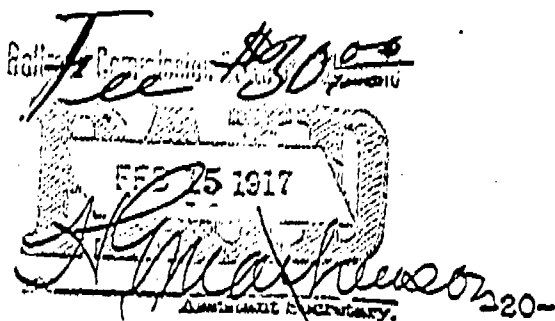
6. San Diego Consolidated Gas and Electric Company shall keep separate, true and accurate accounts, showing the receipt and application in detail of the proceeds of the sale of the bonds and preferred stock hereby authorized to be issued, and on or before the 25th day of each month the company shall make a verified report to the Railroad Commission stating the sale or sales of said bonds and preferred stock during the preceding month, the terms and conditions of sale, the moneys realized therefrom, and the use and application of such moneys, all in accordance with this Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

7. The authority hereby given to issue bonds shall not become effective until San Diego Consolidated Gas and Electric Company has paid the fee specified in the Public Utilities Act.

8. The authority hereby given to convey property and issue bonds and preferred stock shall apply only to such instruments of conveyance as have been executed and delivered and such bonds and preferred stock as shall have been issued on or before June 30, 1917.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 10th day of February, 1917.



Max Thelen
Edwin O. Edgerton
Francis R. Perkins
Commissioners.

EXHIBIT "A"

All that real and personal property situate in the city of Escondido, county of San Diego, State of California, and particularly described as follows:

All that portion of lots one (1), two (2), three (3), four (4), five (5), six (6) and seven (7), lying west of the right of way of the California Southern Railroad, in block ninety (90) in the city of Escondido, according to map thereof No. 336 filed in the office of the County Recorder of said San Diego County, July 10, 1886.

Also all franchises, whether granted by any municipality or otherwise, held or acquired, and all easements and rights of way formerly held, owned or controlled by the Escondido Utilities Company.

All that personal property situated on that portion of lots one (1), two (2), three (3), four (4), five (5), six⁽⁶⁾ and seven (7), lying west of the right of way of the California Southern Railroad in block ninety (90) in the City of Escondido, County of San Diego, State of California, according to a map thereof No. 336 filed in the office of the County Recorder of said San Diego County, July 10, 1886; together with all poles, wires, insulators, transformers, engines, boilers, fixtures, gas generators, and all other personal property used in and about the plant for generating electricity, and the plant or system

EXHIBIT "A" (continued)

used for the generating of gas.

Together with all other real and personal property of every nature and description formerly belonging to said Escondido Utilities Company, wherever the same may be situated and whether the same is specifically enumerated hereinabove or not.

Together with all and singular the tenements, hereditaments and appurtenances therunto belonging or in any wise appertaining and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.
